

**AUTHORITY FOR CALIFORNIA CITIES  
EXCESS LIABILITY**

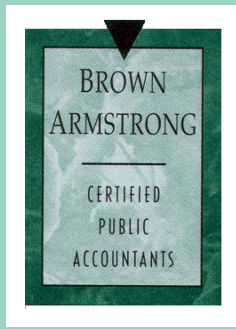
**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2008 AND 2007**

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
YEARS ENDED JUNE 30, 2008 AND 2007**

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To the Board of Directors  
Authority for California Cities  
Excess Liability (ACCEL)  
Bakersfield, California

We have audited the accompanying statement of net assets of the Authority for California Cities Excess Liability (ACCEL) as of June 30, 2008 and 2007, and the related statement of revenues, expenses, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of ACCEL's management, our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the State Controller's Minimum Audit Requirements for California Special Districts and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ACCEL as of June 30, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and State regulations governing special districts.

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2008, on our consideration of ACCEL's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

BROWN ARMSTRONG PAULDEN  
McCOWN STARBUCK THORNBURGH & KEETER  
ACCOUNTANCY CORPORATION

A handwritten signature in black ink, appearing to read "S. J. Paulden", is written over the printed name of the firm.

Bakersfield, California  
October 3, 2008



**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

The following report reflects the financial condition of the Authority for California Cities Excess Liability for the fiscal year ending June 30, 2008. It is provided in order to enhance the information in the financial audit, and should be reviewed in concert with that report.

***An Overview***

The Authority for California Cities Excess Liability (ACCEL) was founded in 1986 to provide medium-sized California cities self-funding for catastrophic losses. There are currently 12 members. ACCEL operates a liability risk pooling program which is subject to an annual independent financial audit and biennial actuarial study. ACCEL also allows optional participation in an excess workers' compensation program that involves no risk pooling. For this excess workers' compensation program, ACCEL only serves as conduit for group access.

ACCEL is governed by a twelve member Board of Directors. Each member agency appoints a representative to the Board of Directors. The Executive Committee appoints members to its three standing committees (Underwriting, Finance and Claims). The Underwriting Committee is chaired by the Vice-President, the Finance Committee is chaired by the Treasurer and the appointed members of the Claims Committee elects their Chair. Ad hoc Committees may be appointed by the President.

For the 2007-2008 fiscal year, ACCEL charged its members \$0.52 cents per one-hundred dollars of payroll for the self-funded \$4,000,000 excess of a \$1,000,000 member self insured retention. Members also purchased commercial excess insurance limits of \$30,000,000 excess of \$5,000,000. The Cities of Anaheim, Bakersfield, Burbank, Monterey, Mountain View, Ontario, Palo Alto, Santa Barbara, Santa Cruz, and Santa Monica purchased additional optional limits of \$10,000,000 excess of \$35,000,000. In addition, the Cities of Anaheim, Ontario, Santa Cruz and Santa Monica purchased optional limits of \$10,000,000 excess of \$45,000,000. Subsequent to the pool renewal, the Cities of Anaheim and Santa Monica bought a ten month policy for \$25,000,000 excess of \$55,000,000. Members were also charged Administrative costs totaling \$328,591.

ACCEL's day-to-day operations are administered by Alliant Insurance Services, Inc. (Alliant) contracted by ACCEL to provide accounting, risk consulting, insurance brokerage and program administration services. Alliant's responsibility also includes the administration of policies and procedures as set forth by the ACCEL Joint Powers Authority (JPA) Agreement, Bylaws, and by the Board of Directors.

***Description of Basic Financial Statements***

Individual program fund accounting is maintained for ACCEL's Liability Program and is provided as supplemental information to the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows. The Statement of Net Assets provides information about the combined financial position of ACCEL as of June 30, 2008 and 2007. The Statement of Revenues, Expenses and Changes in Net Assets reports the operations of the organization for the years ended June 30, 2008 and 2007. The Statement of Cash Flows is presented on the direct method to reflect the operations of ACCEL for the years ending June 30, 2008 and 2007 based strictly on the inflow and outflow of cash.

Brown Armstrong, Certified Public Accountants, has performed an independent audit examination of our financial statements in accordance with generally accepted auditing standards. The firm's opinion is included in the Financial Section of this report. This report also includes information from ACCEL's previous audit at June 30, 2007.



### Analysis of Overall Financial Position and Results of Operations

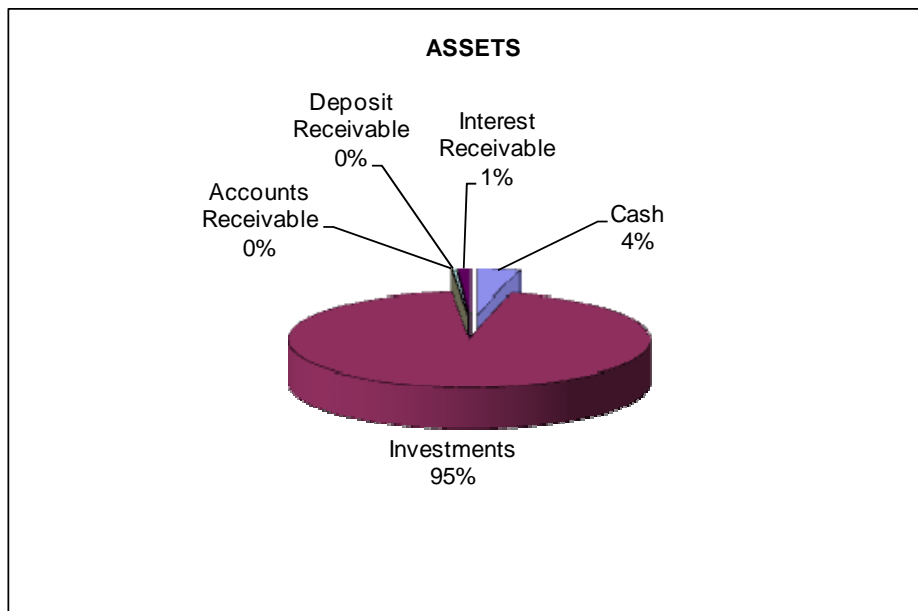
Assets of ACCEL increased almost 8% from June 30, 2007 to June 30, 2008. This was due primarily to an increase in the Authority's investments of member premiums above the cost of excess liability insurance, claims paid, and retro refunds in the current year.

### Comparative Analysis of Fiscal Year 2006/2007 and Fiscal Year 2007/2008

#### Financial Summary

<b>ASSETS</b>	<b>2007-2008</b>	<b>2006-2007</b>	<b>Change</b>	<b>%</b>
Cash	\$ 1,122,162	\$ 336,060	\$ 786,102	234%
Investments	28,387,327	26,113,614	2,273,713	9%
Accounts Receivable	25,998	-	25,998	100%
Deposit Receivable	86,886	927,794	(840,908)	-91%
Interest Receivable	337,673	340,411	(2,738)	-1%
<b>TOTAL ASSETS</b>	<b>\$ 29,960,046</b>	<b>\$ 27,717,879</b>	<b>\$ 2,242,167</b>	<b>7.5%</b>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities				
Accounts payable	\$ 33,355	\$ 347,734	\$ (314,379)	-90%
Members payable	-	399,658	(399,658)	-100%
Unpaid claims liability	13,000,000	11,672,000	1,328,000	11%
Retrospectively rated refunds liability	16,801,828	15,201,949	1,599,879	11%
<b>Total Liabilities</b>	<b>29,835,183</b>	<b>27,621,341</b>	<b>2,213,842</b>	<b>8%</b>
<b>Net Assets</b>	<b>124,863</b>	<b>96,538</b>	<b>28,325</b>	<b>29%</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 29,960,046</b>	<b>\$ 27,717,879</b>	<b>\$ 2,242,167</b>	<b>8%</b>

#### Total Assets by Type at June 30, 2008



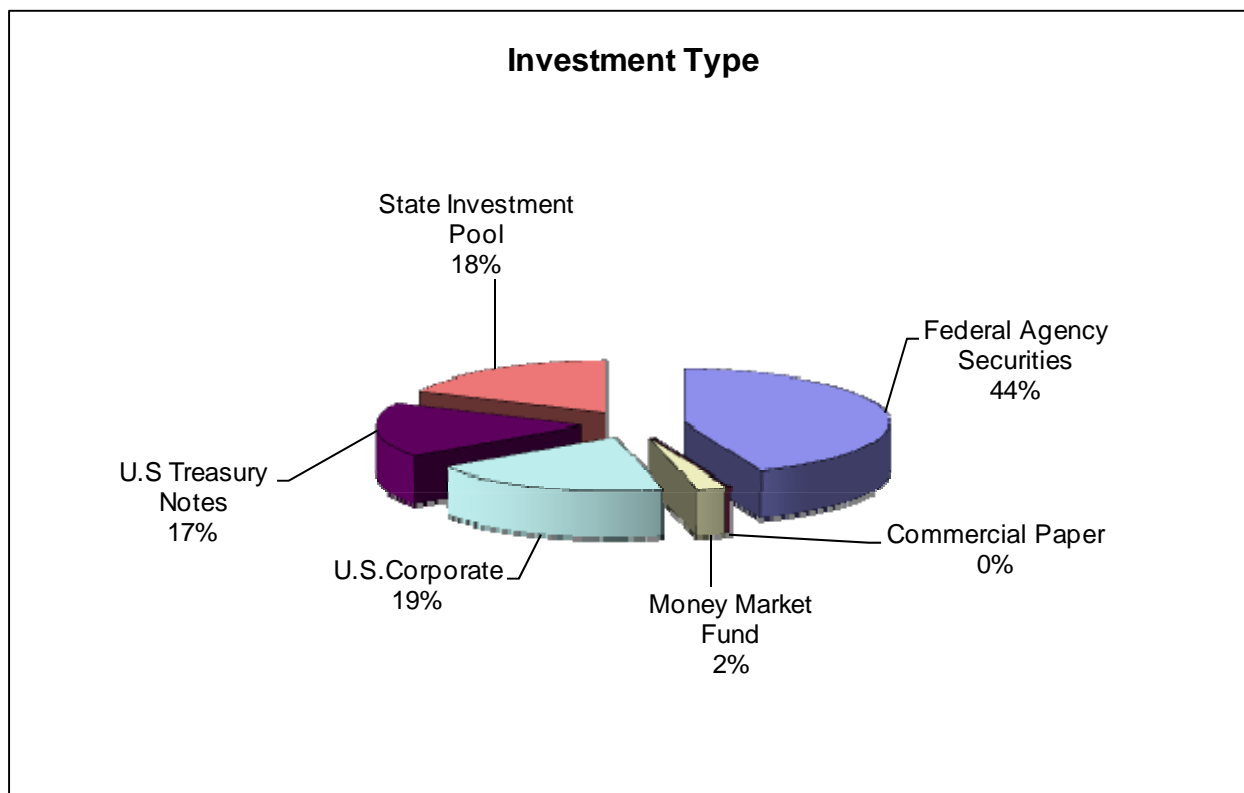


### Investment Income

ACCEL has retained an investment advisor, Chandler Asset Management, to assist in managing long term investment. All investments are made with reference to ACCEL's Investment Policy as adopted by the Board of Directors. Investment revenues are used to offset program costs wherever possible and reduce the required member contributions. The overall investments of the pool increased from \$26,113,614 to \$28,387,327 (a 9% increase) in fiscal year 2007-2008.

ACCEL invests those funds not immediately necessary for the payment of claims in order to optimize the rate of return. Funds are invested in a manner that will protect principal, allow for cash flow needs and optimize returns, and are in conformity with all federal, state and local statutes governing such investment of public funds. Those assets needed for current operations are maintained in the Local Agency Investment Fund (LAIF) in Sacramento, which is administered by the State Treasurer's Office. The ability of these funds to earn investment income has a direct effect on program rates, as this income is used to discount future liabilities. If investments fall short of projections, additional funding may be required to meet actuarial estimates.

### Portfolio Summary at June 30, 2008



### Revenues

Pool operating revenues consist of contributions received from members, interest income, and administrative fees. These revenues increased approximately \$2.8 million, or 27%, from FY 2006/2007 to FY 2007/2008 due to increased premiums as well as favorable investment performance.



## ***Claim Payments and Reserves***

ACCEL processes claims and pays for covered losses experienced by its members. All excess claims are administered by Carl Warren & Company (Glendale Office). Between the time a claim is reported and the time it is resolved, reserves are established for the estimated amount that will have to be paid at some future date to settle the loss. The reserves are also established for claims that have occurred, but are not yet known to ACCEL. This is known as IBNR (incurred but not or under reported) reserves and recognizes losses in the current year for claims that will not be reported until future periods. This process allows a matching of current year contributions with estimated total losses that will be incurred as the result of current fiscal year coverages.

## ***Excess Liability Insurance Expense***

ACCEL operates in an environment that is partially dependent on the insurance market. Historically, the insurance market has operated in 3 to 7 year cycles in which rates will swing from the very high to the very low and back again. From 1987 to 2002, the Insurance marketplace was relatively competitive for municipal liability. The 2002 renewals began a hard market cycle that resulted in the ACCEL Board electing to retain more risk where the price of insurance exceeded the actuarial cost of self insurance. The renewals for the 2007-2008 were difficult due to decreased capacity, increased exposure to terrorism, poor investment results and a general concern on the part of insurers, resulting in rate increases and limitations to coverage. The 2007-2008 excess liability premiums remained fairly consistent compared with the prior year and ACCEL's pool layer retention remained at \$4,000,000 excess of \$1,000,000. In recent years, ACCEL members have determined that additional limits are advisable and they have elected to add optional excess limits. In addition, ACCEL has increased funding for the pooled layer to plan for the increased retained risk.

## ***Administrative Expenses***

For the 2007-2008 fiscal year, ACCEL budgeted \$395,000 for general administrative expenses. The administrative expenses are shared equally among members. The administrative expenses include program administration, claims administration, meeting expenses, memberships, technology services and audit services. In addition, an \$8,000 allocation towards Member Travel was budgeted for individual Members who wished to set these funds aside for travel to and from Board meetings.

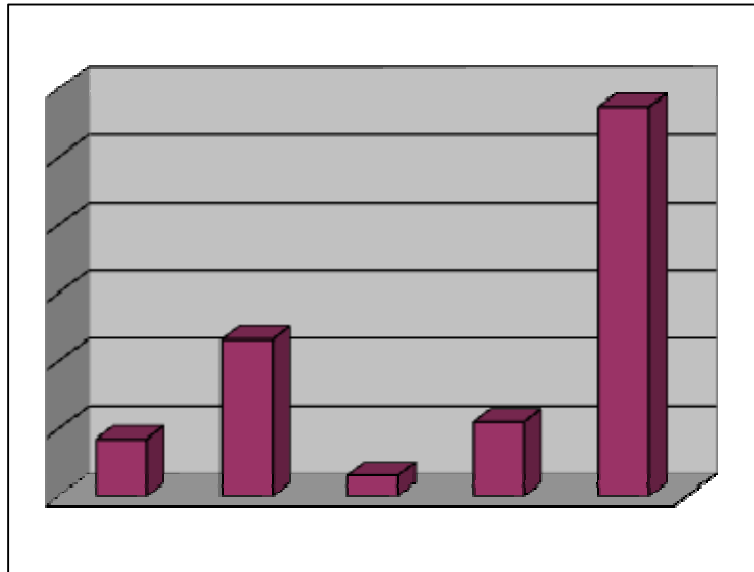
## ***Retrospective Rating Plan***

The share of risk that Members assume is based on both their size and their future losses. Calculations are made retrospectively, and based on covered losses that occurred during the program year and the next three years. The Retrospective Rating Plan (RRP) is the foundation piece of ACCEL's Financial Plan Policy & Procedure. The RRP is used to determine if any assessments are needed or if return funds are available.

At the end of each Program Year plus five subsequent years, ACCEL calculates each Member's share of pooled costs. The cost allocation calculation for each Program Year is recalculated annually until the Program Year is administratively closed. Program Years 1 through 5 (86/87–90/91) are administratively closed. For Fiscal Year ending June 30, 2008, ACCEL members withdrew \$850,000 and no members were assessed.



### Five Year Historical Retrospective Refunds



2008	2007	2006	2005	2004
\$850	\$2,315	\$302	\$1,100	\$5,742
<i>(These numbers in Thousands)</i>				

### Comparative Analysis of Fiscal Year 2006/2007 and Fiscal Year 2007/2008

#### Revenues and Expenses

	2007-2008	2006-2007	Change	%
<b>REVENUES</b>				
Premiums earned - Liability	\$ 8,594,021	\$ 8,829,522	\$ (235,501)	-3%
Premiums earned - WC	2,382,829	-	2,382,829	0%
Investment income	1,982,961	1,294,694	688,267	53%
Administrative fees	328,591	362,592	(34,001)	-9%
<b>TOTAL REVENUES</b>	<b>\$ 13,288,402</b>	<b>\$ 10,486,808</b>	<b>\$ 2,801,594</b>	<b>27%</b>
<b>EXPENSES</b>				
Claims	4,009,689	1,170,286	2,839,403	243%
Excess liability insurance	2,689,415	2,645,855	43,560	2%
Worker's Comp Excess Insurance	2,382,828	-	2,382,828	0%
Unpaid claims liability adjustment	1,328,000	2,166,000	(838,000)	-39%
Retro rated refunds paid	850,000	2,315,000	(1,465,000)	-63%
Retrospectively rated refunds liability adjustment	1,599,879	1,827,077	(227,198)	-12%
Management consulting	185,000	180,000	5,000	3%
Claims administration	85,345	97,054	(11,709)	-12%
Professional support services	101,785	59,435	42,350	71%
Other general and administrative expenses	28,136	26,101	2,035	8%
<b>Total Expenses</b>	<b>13,260,077</b>	<b>10,486,808</b>	<b>2,773,269</b>	<b>26%</b>
Net Income (Loss)	28,325	-	28,325	0%
Net Assets, Beginning of Year	96,538	96,538	-	0%
Net Assets, End of Year	<b>\$ 124,863</b>	<b>\$ 96,538</b>	<b>\$ 28,325</b>	<b>29%</b>



## ***Analysis of Balances and Transactions***

Member contributions decreased 3% for the year ending June 30, 2008. The overall expenses increased 26% from \$10,486,808 to \$13,260,077. The investment strategy is executed within the investment policy adopted by the Board of Directors. Member contributions for the Liability Program remain stable for the year ended June 30, 2008. Other general and administrative expenses held reasonably constant from the 2006-2007 fiscal year to the 2007-2008 fiscal year. The increase in investment income of \$688,267 is due to increased amounts invested during the year. The overall increase in total assets for the year ended June 30, 2008 was \$2,242,167 to an ending asset position of \$29,960,046.

## ***Possible Conditions Impacting Financial Position***

With respect to current facts, conditions, or decisions that may impact the financial position of ACCEL, there are no known issues either internal to the JPA nor the external environment that are expected to materially impact the organization. This being said, the liability insurance environment in California remains in an uncertain state. While system costs have risen dramatically over the past several years, ACCEL has taken action to address rising costs.

Capacity in the excess general liability market for governmental agency risks remains tight, and several high profile claims within California are likely to keep underwriting facilities from pricing such risks much differently than they have over the past twelve months. Finally, while ACCEL believes that it has properly addressed the probable catastrophic events facing its membership, there is no guarantee that a catastrophic event could not financially impact the Authority, or individual members if the loss exceeded the protection purchased by that member.

## ***Request for Information***

This financial report is designed to provide a general overview of ACCEL's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the ACCEL Treasurer, Ann Garcia, City of Ontario, 303 East B Street, Ontario, California, 91764.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
STATEMENT OF NET ASSETS  
JUNE 30, 2008 AND 2007**

	2008	2007
<b><u>ASSETS</u></b>		
Cash	\$ 1,122,162	\$ 336,060
Investments	28,387,327	26,113,614
Accounts receivable	25,998	-
Deposits receivable	86,886	927,794
Interest receivable	337,673	340,411
<b>TOTAL ASSETS</b>	<b>\$ 29,960,046</b>	<b>\$ 27,717,879</b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities		
Accounts payable	\$ 33,355	\$ 347,734
Members payable	-	399,658
Unpaid claims liability	13,000,000	11,672,000
Retrospectively rated refunds liability	16,801,828	15,201,949
<b>Total Liabilities</b>	29,835,183	27,621,341
Net Assets		
Reserved for future claims	100,000	-
Retained earnings - administrative	24,863	96,538
<b>Total Net Assets</b>	124,863	96,538
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 29,960,046</b>	<b>\$ 27,717,879</b>

The accompanying notes are an integral part of these financial statements.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Revenues		
Premiums earned - Liability	\$ 8,594,021	\$ 8,829,522
Premiums earned - WC	2,382,829	-
Investment income	1,982,961	1,294,694
Administrative fees	<u>328,591</u>	<u>362,592</u>
 Total Revenues	 <u>13,288,402</u>	 <u>10,486,808</u>
Expenses		
Claims	4,009,689	1,170,286
Excess liability insurance	2,689,415	2,645,855
Worker's comp insurance	2,382,828	-
Unpaid claims liability adjustment	1,328,000	2,166,000
Retrospectively rated refunds paid	850,000	2,315,000
Retrospectively rated refunds liability adjustment	1,599,879	1,827,077
Management consulting	185,000	180,000
Claims administration	85,345	97,054
Professional support services	101,785	59,435
Other general and administrative expenses	<u>28,136</u>	<u>26,101</u>
 Total Expenses	 <u>13,260,077</u>	 <u>10,486,808</u>
Net Income	28,325	-
Net Assets, Beginning of Year	<u>96,538</u>	<u>96,538</u>
Net Assets, End of Year	<u>\$ 124,863</u>	<u>\$ 96,538</u>

The accompanying notes are an integral part of these financial statements.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2008 AND 2007**

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 28,325	\$ -
Adjustments to reconcile net income to net cash provided by operating activities:		
Unpaid claims liability adjustment	1,328,000	2,166,000
Retrospectively rated refunds liability adjustment	2,449,879	4,142,077
Change in the fair value of investments	(651,463)	(323,697)
(Increase) decrease in:		
Deposits receivable	840,908	(810,783)
Accounts receivable	(25,998)	-
Interest receivable	2,738	9,891
Increase (decrease) in:		
Accounts payable	(314,379)	305,771
Members payable	(399,658)	-
	<u>3,258,352</u>	<u>5,489,259</u>
<b>Net Cash Provided by Operating Activities</b>		
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	44,520,426	59,516,831
Purchase of investments	(46,142,676)	(62,664,228)
	<u>(1,622,250)</u>	<u>(3,147,397)</u>
<b>Net Cash Used in Investing Activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Retro rated (refund) assessment program year six	-	(211,363)
Retro rated (refund) assessment program year seven	-	(125,909)
Retro rated (refund) assessment program year eight	-	(221,193)
Retro rated (refund) assessment program year nine	(20,000)	(17,798)
Retro rated (refund) assessment program year ten	(60,000)	(46,817)
Retro rated (refund) assessment program year eleven	(35,000)	(1,397)
Retro rated (refund) assessment program year twelve	(245,000)	(222,665)
Retro rated (refund) assessment program year thirteen	(50,000)	(650,913)
Retro rated (refund) assessment program year fourteen	(250,000)	(642,920)
Retro rated (refund) assessment program year fifteen	(140,000)	(5,659)
Retro rated (refund) assessment program year sixteen	(50,000)	(168,366)
	<u>(850,000)</u>	<u>(2,315,000)</u>
<b>Net Cash Used in Financing Activities</b>		
Net Increase (Decrease) in Cash	786,102	26,862
Cash at Beginning of Year	<u>336,060</u>	<u>309,198</u>
Cash at End of Year	<u>\$ 1,122,162</u>	<u>\$ 336,060</u>

The accompanying notes are an integral part of these financial statements.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**NOTE 1 – DESCRIPTION OF THE BUSINESS**

The Authority for California Cities Excess Liability (ACCEL / the Authority) is a joint powers authority organized under the provisions of Section 6500 et. seq. of the California Government code for the purpose of establishing a risk management pool for certain California municipalities. ACCEL began operations in 1986 and provides certain limited coverage for catastrophic general liability, automobile liability and public officials errors and omissions losses. Certain types of risks are not covered by these pools, such as dams and airports.

The Authority provides coverage above each member's self-insured retention (SIR), subject to aggregate limit. Historically, nine members have \$500,000 SIRs and two members have \$1,000,000 SIRs.

ACCEL provided an optional coverage of \$500,000 excess of \$500,000 per occurrence through 1989-90. This coverage is no longer available.

Prior to July 1, 1990, the Authority pooled losses incurred by its members up to \$10,000,000. Effective July 1, 1990, ACCEL created a reinsurance pool within the \$9,000,000 excess of \$1,000,000 layer by purchasing \$5,000,000 excess of \$5,000,000 coverage. On July 1, 1997, ACCEL further reduced its exposure and purchased coverage of \$17,000,000 excess of \$3,000,000 coverage. Due to favorable market conditions, ACCEL purchased coverage of \$19,000,000 excess of \$1,000,000 effective July 1, 1998. Six members with SIR of \$500,000 purchased additional coverage of \$500,000 excess of \$500,000. As of July 1, 2000, nine members purchased insurance of \$19,500,000 excess of \$1,000,000. ACCEL is fully insured through June 30, 2003.

As of July 1, 2003, the Authority purchased a reinsurance covering \$20,000,000 excess of \$2,000,000 and pooled losses in the layer \$1,000,000 excess of \$1,000,000. All members have SIR of \$1,000,000.

ACCEL is funded by its member participants and, at the discretion of its Board of Directors, may assess its members for additional premiums (in an unlimited amount) in the event ACCEL assets at any time are insufficient to discharge its liabilities. Currently there are twelve cities participating.

ACCEL has a retrospective rating plan whereby all premiums collected, together with related investment income earned, in excess of pooled losses and loss expenses for each program year will be returned to members beginning five years after the end of the program year. Losses and loss expenses are allocated to each member based on a weighted actual loss formula.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting and Presentation**

The Authority is accounted for as a Business Type Activity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion & Analysis – for State and Local Governments* and its financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**Investments**

Investments are reported in the accompanying statement of net assets at fair value. Changes in fair value that occur during a fiscal year are recognized as *investment earnings* reported for that fiscal year. *Investment earnings* includes interest income, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### Retrospectively Rated Refunds Liability

The retrospectively rated refund liability represents the amount of equity the members have in the excess contributions in the risk pool. The liability is computed as the amount of premiums plus investment income earned in excess of the estimated losses and loss expenses by program year by member. Members are eligible to receive distributions of this equity (retro-refunds) five years after the end of the program year. Because these amounts are refundable to the members and are not deemed equity of the risk pool, the member's equity is reported as a liability on the balance sheet.

### Unpaid Claims Liabilities

The Authority establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverage such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

### Recognition of Premiums

Premiums are recognized as earned on a pro-rata basis over the term of the contract (program year), which is generally a one year period ending each June 30. All premiums are subject to the retrospective rating plan described in Note 1.

### Administrative and Application Fees

ACCEL members are assessed annually, in equal amounts, for amounts estimated to be sufficient to pay all administrative expenses of ACCEL. Such assessments are subject to adjustment based on actual expense for the year.

Application fees are one-time fees paid by prospective members of ACCEL upon application for membership. Such fees are recognized as revenue at the time of application.

### Other Insurance

ACCEL members may participate in the purchase of other insurance, such as excess worker's compensation and excess liability over \$12 million per occurrence where risk is not transferred to the pool. Effective September 1, 2003, ACCEL has purchased excess insurance for all losses in excess of \$2,000,000 per occurrence. ACCEL does not administer claims for these programs, therefore, no revenue or expense is reflected in the financial statements.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

### **NOTE 3 – CASH AND INVESTMENTS**

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash	\$ 1,122,162
Investments	<u>28,387,327</u>
	<u>\$ 29,509,489</u>

Cash and investments as of June 30, 2008 consist of the following:

Deposits with Financial Institutions	\$ 1,122,162
Investments	<u>28,387,327</u>
Total Cash and Investments	<u>\$ 29,509,489</u>

#### **Investments Authorized by the California Government Code and ACCEL's Investment Policy**

ACCEL is authorized by State statutes to invest in securities of the U.S. Treasury and Agencies, rated commercial paper, medium-term notes rated AA or better with maturities of 5 years or less, certificates of deposit, bankers' acceptances, repurchase agreements, Mutual Funds, and the State of California's Local Agency Investment Fund (LAIF). Additionally, security purchases and holdings shall be maintained within statutory limits imposed by the California Government Code. Currently, the maximum limits are:

- 40% Bankers' Acceptances, not to exceed 180 days in maturity and no more than 30% in any one entity.
- 25% Commercial Paper, not to exceed 270 days in maturity
- 30% Negotiable Certificates of Deposit
- 30% Medium-Term Corporate Notes

#### **Disclosures Relating to Interest Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that ACCEL manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. ACCEL monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. ACCEL has no specific limitations with respect to this metric.

<u>Investment Type</u>		<u>Weighted Average Maturity (in years)</u>
Federal Agency Securities	\$ 12,452,018	2.630
Money Market Fund	688,961	0.000
U.S. Corporate	5,372,745	1.270
U.S. Treasury Notes	4,758,047	3.730
State Investment Pool	<u>5,115,556</u>	0.003
Total	<u>\$ 28,387,327</u>	

**NOTE 3 – CASH AND INVESTMENTS** (Continued)

**Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations**

The Authority’s investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Highly Sensitive Investments	Fair Value at Year End
Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	<u>\$ 12,452,018</u>

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Entity’s investment policy, or debt agreements, and the actual rating as of year end for each investment type. The column marked “exempt from disclosure” identifies those investment types for which GASB No. 40 does not require disclosure as to credit risk:

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End			
				AAA	AA+	A-1	Not Rated
Federal Agency Securities	\$ 12,452,018	N/A	\$ -	\$ 12,452,018	\$ -	\$ -	\$ -
Money Market Fund	688,961	N/A	-	688,961	-	-	-
U.S. Corporate	5,372,745	AA	-	-	5,372,745	-	-
U.S. Treasury Notes	4,758,047	N/A	4,758,047	-	-	-	-
State Investment Pool	5,115,556	N/A	-	-	-	-	5,115,556
Total	<u>\$ 28,387,327</u>		<u>\$ 4,758,047</u>	<u>\$ 13,140,979</u>	<u>\$ 5,372,745</u>	<u>\$ -</u>	<u>\$ 5,115,556</u>

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and ACCEL’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**NOTE 3 – CASH AND INVESTMENTS** (Continued)**Investment in State Investment Pool**

ACCEL is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of ACCEL's investment in this pool is reported in the accompanying financial statements at amounts based upon ACCEL's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**NOTE 4 – PREMIUMS RECEIVABLE**

Original premium assessments are determined based on payroll estimates for each member. Premiums receivable and payable to members are a result of differences between such estimates and actual covered payroll reported at the end of the fiscal year.

**NOTE 5 – UNPAID CLAIMS LIABILITY**

As discussed in Note 2, ACCEL establishes a liability for both reported and unreported insured events, which includes estimates of both future payment of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities for ACCEL during the past two years:

	<u>2008</u>	<u>2007</u>
	(In Thousands)	
Unpaid claims liability at beginning of year	<u>\$ 11,672</u>	<u>\$ 9,506</u>
Provision for claims and claim adjustment expenses:		
Provision for insured events of current year	3,429	2,993
Increases in provision for insured events of prior years	<u>1,908</u>	<u>343</u>
Total provision for claims and claim adjustment expenses	<u>5,337</u>	<u>3,336</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior years	<u>(4,009)</u>	<u>(1,170)</u>
Unpaid claims liability at end of year	<u>\$ 13,000</u>	<u>\$ 11,672</u>

**NOTE 6 – RELATED PARTY TRANSACTIONS****Administration**

ACCEL's program administration is managed by Alliant Insurance Services, Inc., from whom they purchase their excess liability insurance. Fees paid for this service amounted to \$185,000 and \$180,000 for the years ended June 30, 2008 and 2007, respectively. Excess liability insurance expenses were \$2,689,415 and \$2,645,855 for the years ended June 30, 2008 and 2007, respectively.

## **NOTE 7 – SUBSEQUENT EVENTS**

### Retrospective Rating Program

At the June 2007 Board of Directors meeting, a retrospectively rated refund was made available for distribution to the members for the program years 2 through 16 in the amount of \$10,386,869. Members may elect to have returned all or a portion of their refund and the funds will remain in the respective program year in the name of the member city. Subsequently, \$3,050,000 was requested to be returned to member cities and \$7,336,869 was retained in the respective program year in the name of the member cities. The table below shows, by member city, the amount authorized by the board, the amount returned to the member cities and the amount retained in the name of the respective member city:

	<u>Available</u>	<u>Returned</u>	<u>Retained</u>
Anaheim	\$ 2,076,268	\$ 1,000,000	\$ 1,076,268
Bakersfield	493,091	-	493,091
Burbank	98,264	-	98,264
Gardena	4,710	-	4,710
Modesto	549,750	-	549,750
Monterey	687,963	-	687,963
Mountain View	1,202,184	300,000	902,184
Ontario	2,740,021	-	2,740,021
Palo Alto	1,056,317	500,000	556,317
Santa Barbara	804,594	750,000	54,594
Santa Cruz	793,187	500,000	293,187
Santa Monica	2,140,519	-	2,140,519
Visalia	1,034,032	-	1,034,032
	<u>\$ 13,680,901</u>	<u>\$ 3,050,000</u>	<u>\$ 10,630,901</u>

### Excess Liability Insurance

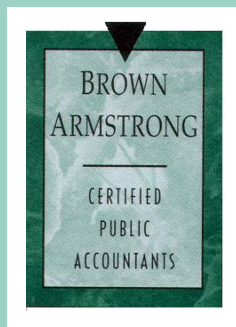
Effective July 1, 2008, ACCEL purchased two tiers of coverage. These are annual excess liability insurance policies totaling \$2,668,705. This premium provided \$35 million in coverage for all Members.

In addition to these policies, individual Members elected to buy additional limits totaling \$50 million, \$75 million or \$100 million in liability coverage. The total premiums paid for 2008/09 coverage is \$2,668,705. Alliant is the excess liability Broker and also ACCEL's Program Administrator and is considered a related party.

### Claims

On July 7, 2008, subsequent to the current fiscal year end, ACCEL paid approximately \$3.6 million in settlement of a claim against the City of Santa Monica.

**OTHER REPORT**



**BROWN ARMSTRONG PAULDEN**  
**MCCOWN STARBUCK THORNBURGH & KEETER**  
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

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To the Board of Directors  
Authority for California Cities  
Excess Liability (ACCEL)  
Bakersfield, California

We have audited the financial statements of ACCEL, as of and for the year ended June 30, 2008, and have issued our report thereon dated October 3, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered ACCEL's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ACCEL's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of ACCEL's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting:

2008.01

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we considered the significant deficiency described above, item 2008.01, to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ACCEL's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

ACCEL's response to the findings identified in our audit is described above. We did not audit ACCEL's response and, accordingly, we express no opinion on it

This report is intended solely for the information and use of management, and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG PAULDEN  
McCOWN STARBUCK THORNBURGH & KEETER  
ACCOUNTANCY CORPORATION



Bakersfield, California  
October 3, 2008

## SCHEDULE OF FINDINGS AND RESPONSES

Effective for audits of financial statements for the period ending on or after December 15, 2007, SAS No. 112 establishes standards, responsibility and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client's internal control over financial reporting. The statement requires that the auditor provide these comments in writing to management and the governing body, any control deficiencies found during the audit process that are considered significant deficiencies and/or material weaknesses. While the new SAS No. 112 keeps the term material weakness, it modifies the definition and introduces new definitions. These are discussed on the prior page.

### **FINDING 2008.01 – Estimates**

#### **Condition**

Continuation of Prior Year Finding 2007.02 – As a result of audit procedures performed, we noted the annual IBNR update was not completed in a timely manner, and that not all claims were initially reported to the actuary to ensure an accurate Incurred but not reported (IBNR) liability, and unallocated loss adjustment expense (ULAE) could be estimated. After auditor review, accurate information was provided to the actuary, and the IBNR was updated. An adjusting entry to correct the misstatement was proposed and accepted by management.

#### **Recommendation**

ACCEL's administrator should reconcile all claims approved by the Board with those recorded by the Claims administrator, Carl Warren. The Board should review the reconciliation prior to sending the totals to the actuary to ensure accuracy. To ensure estimates are prepared based on valid information, the finance committee should review all assumptions utilized by the actuary.

#### **Client Response**

Due to the fact that ACCEL is an Excess Liability Pool, traditional Third Party Administrator (TPA) loss runs have difficulty accurately tracking claims. Members Loss Runs and the Excess Carriers Loss Runs are reconciled regularly. We continue to work with ACCEL's TPA to modify their loss run format to meet our ongoing needs.

## STATUS OF PRIOR YEAR FINDINGS

### FINDING 2007.01 – Control Activities

#### **Condition**

As a result of audit procedures performed, we noted control activities related to the initiation, recording, processing and review of certain transactions were not operating effectively. Adjusting journal entries were proposed by the auditor to correct misstatements in the reported value of investments, premiums receivable and payable, accounts payable, estimated loss reserve, and retrospectively rated refund reserves and the related income statement accounts. Such misstatements were not initially detected by ACCEL's control activities, and as such; indicate a deficiency in ACCEL's internal control over financial reporting. It was determined that the causes of the misstatements were likely due to turnover in key accounting positions, and insufficient monitoring.

#### **Recommendation**

ACCEL's finance committee should monitor the adequacy of training provided to key accounting personnel, and others charged with financial reporting responsibilities. Management should consider cross training those charged with administrative responsibilities to ensure errors will be avoided in the event of turnover. Reconciliations of all material account balances should be performed on a monthly basis, and reviewed by ACCEL's Treasurer. The finance committee should monitor the performance of reconciliations, and review supporting documentation on a quarterly basis.

#### **Client Response**

In June 2006, ACCEL moved from a consolidated investment process that utilized the City of Monterey's Finance Department for both LAIF and the purchase of other investment instruments. Chandler Asset Management took responsibility for the long-term investments, and ACCEL now works directly with LAIF for liquidity funds. Due to the change in structure, the bookkeeper did not post all investment earnings correctly. Posting of some expenses were missed and corrected by the auditor rather than through an internal control. A review process had been established, but due to staff changes these items were overlooked. During FY 05/06 and 06/07 the ACCEL Board was re-defining how payroll was being utilized to allocate Risk Sharing and Excess Premium. The 05/06 and 06/07 "final" Payroll audit figures were agreed to in April, 2007. These amounts were calculated but not billed due to staffing changes until the auditor realized the discrepancy in September. A procedure and calendar for billing these Premium audits exists, but was not followed.

ACCEL's Board of Directors agrees that we should move to monthly accounting for the investment portfolio prepared by Chandler Asset Management. This should be performed in detail, to properly identify and record income items received (or receivable), as well as recording gains or losses that have been realized (or unrealized). LAIF will continue to be recorded quarterly. The Board has instructed the Pool Administrator to modify the accounting procedures in this manner. The Program Administrator has been instructed to internally audit these postings quarterly. This will include a review with the Treasurer, and also documentation back to the Board in the subsequent agenda packets. ACCEL's Board of Directors agrees that expenses and corresponding payables should be recorded in the accounting period during which they were incurred and has instructed the Pool Administrator to ensure that these accounting entries are made in a timely manner. The Pool Administrator will internally audit these postings quarterly, and to review them with the Treasurer, with documentation back to the Board in the subsequent agenda packets. ACCEL's Board of Directors has instructed the Pool Administrator to make certain that all accounting entries pertaining to member premiums are made in the proper year and that invoices or credit memos are sent to the members immediately thereafter.

#### **Current Year Status**

ACCEL has successfully addressed Finding 2007.01.

Further, ACCEL has contracted with an independent Financial Consultant, who specializes in governmental risk pools, to review ACCEL's financials on a quarterly basis. This Consultant provides quarterly statements for the Board of Directors.

## **FINDING 2007.02 – Estimates**

### **Condition**

As a result of audit procedures performed, we noted the annual IBNR update was not completed in a timely manner, and that not all claims were initially reported to the actuary to ensure an accurate Incurred but not reported (IBNR) liability, and unallocated loss adjustment expense (ULAE) could be estimated. After auditor review, accurate information was provided to the actuary, and the IBNR was updated. An adjusting entry to correct the misstatement was proposed and accepted by management.

### **Recommendation**

ACCEL's administrator should reconcile all claims approved by the Board with those recorded by the Claims administrator, Carl Warren. The Board should review the reconciliation prior to sending the totals to the actuary to ensure accuracy. To ensure estimates are prepared based on valid information, the finance committee should review all assumptions utilized by the actuary.

### **Client Response**

The Carl Warren Loss Run has not correctly tracked all ancillary payments on ACCEL excess claims. Reserves have not always matched Cities' reserve amounts. This Loss Run was not reconciled within the time frame established prior to the updated actuarial analysis which is needed to complete the Financial Audit. Staff turnover slowed down the process of securing the actuary's report in a timely manner.

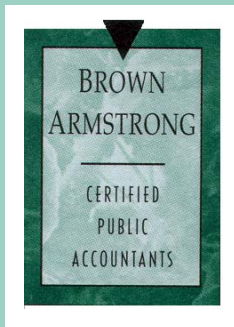
ACCEL's Board of Directors has instructed the Pool Administrator and Carl Warren to be certain that the Loss Run and ACCEL payments match, by quarterly reconciling the Loss Run. Reserves listed on the Loss Run must be reconciled each June with the Retrospective Rating Plan "Loss Stratification Report" that includes Member Total Incurred claims amounts, prior to the actuary's calculation of the IBNR and Total Outstanding Liabilities. This report has to be provided to the auditor in an efficient and timely manner. The Pool Administrator has reassured the board that a policy is in place, and this should not be a reoccurring issue.

### **Current Year Status**

See Finding 2008.01.

Due to the fact that ACCEL is high-level Excess Liability Pool, traditional Third Party Administrator (TPA) loss runs have a difficult time accurately tracking claims. Members' Loss Runs and the Excess Carrier Loss Runs are reconciled regularly. We continue to work with ACCEL's TPA to modify their loss run format to meet ACCEL's ongoing needs.

**SUPPLEMENTARY INFORMATION**



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ON SUPPLEMENTARY INFORMATION**

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To the Board of Directors  
Authority for California Cities  
Excess Liability (ACCEL)  
Bakersfield, California

The schedule of changes in claims liabilities by risk pool and the schedule of 10-year trend data on pages 24 and 25 are not a required part of the basic financial statements of ACCEL but is supplementary information required by the Governmental Accounting Standards Board. In addition, the schedules of retrospectively rated refund liabilities by member on pages 26 through 48 are presented for purposes of additional analysis and are not a required part of the basic financial statements. We have applied certain limited procedures to the data for the year ended June 30, 2008, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

BROWN ARMSTRONG PAULDEN  
MCCOWN STARBUCK THORNBURGH & KEETER  
ACCOUNTANCY CORPORATION

Bakersfield, California  
October 3, 2008

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF CHANGES IN CLAIMS LIABILITIES BY RISK POOL  
JUNE 30, 2008 AND 2007**

Reconciliation of claims liabilities by risk layer.

The schedule below presents the changes in claims liabilities for the past two years.

	<u>2008</u>	<u>2007</u>
	(In Thousands)	
Unpaid claims and claim adjustment expenses at beginning of fiscal year	<u>\$ 11,672</u>	<u>\$ 9,506</u>
Incurred claims and claim adjustment expenses:		
Increase in provision for insured events of current fiscal year	3,429	2,993
Increase in provision for insured events of prior fiscal years	<u>1,908</u>	<u>343</u>
Total incurred claims and claim adjustment expenses	<u>5,337</u>	<u>3,336</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior years	<u>(4,009)</u>	<u>(1,170)</u>
Total unpaid claims and claim adjustment expenses at end of fiscal year	<u><u>\$ 13,000</u></u>	<u><u>\$ 11,672</u></u>

At June 30, 2008 and 2007 no annuities were purchased in the claimant's name to settle those claims.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY**  
**SCHEDULE OF 10 YEAR TREND DATA**  
**JUNE 30, 2008**

The table below illustrates how the Authority's earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurer) and other expenses assumed by the Authority as of the end of each of the last ten years. The rows of the table are defined as follows: (1) This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue. (2) This line shows each fiscal year's other operating costs of the Authority including overhead and claims expense not allocable to individual claims. (3) This line shows the Authority's gross incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called "policy year"). (4) This section of 10 rows shows the cumulative amounts paid as of the end of successive years for each policy year. (5) This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each accident year. (6) This section of 8 rows shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. (7) This line compares the latest re-estimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims costs is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature years. The columns of the table show data for successive policy years.

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1 Required contribution and investment revenues:										
Earned	\$ 4,473	\$ 4,683	\$ 4,691	\$ 4,915	\$ 4,912	\$ 4,839	\$ 5,749	\$ 6,762	\$ 9,449	\$ 8,389
Ceded	1,484	1,575	1,726	1,726	1,726	2,443	3,075	2,669	2,646	2,689
Net earned	2,989	3,108	2,965	3,189	3,186	2,396	2,674	4,093	6,803	5,700
2 Unallocated expenses	-	276	291	280	322	233	405	352	462	678
3 Estimated claims and expenses, end of policy year:										
Incurred	-	-	-	-	-	2,359	2,224	2,987	3,378	3,648
Ceded	-	-	-	-	-	-	-	-	-	-
Net incurred	-	-	-	-	-	2,359	2,224	2,987	3,378	3,648
4 Net paid (cumulative) as of:										
End of policy year	-	-	-	-	-	6	-	-	-	-
One year later	-	-	-	-	-	11	-	-	-	-
Two years later	2	-	-	-	-	1,015	334	826	-	-
Three years later	2	-	-	-	-	1,019	2,335	-	-	-
Four years later	2	-	-	-	-	3,025	-	-	-	-
Five years later	2	-	-	-	-	-	-	-	-	-
Six years later	2	-	826	-	-	-	-	-	-	-
Seven years later	2	1	-	-	-	-	-	-	-	-
Eight years later	2	1	-	-	-	-	-	-	-	-
Nine years later	2	-	-	-	-	-	-	-	-	-
5 Re-estimated ceded claims and expenses	-	-	-	-	-	-	-	-	-	-
6 Re-estimated net incurred claims and expenses:										
End of policy year	-	-	-	-	-	2,359	2,224	2,987	3,378	3,648
One year later	-	-	-	-	-	1,019	3,943	2,987	3,580	-
Two years later	2	-	-	-	-	3,123	3,943	5,203	-	-
Three years later	2	-	-	-	-	3,123	830	-	-	-
Four years later	2	-	-	-	-	180	-	-	-	-
Five years later	2	1	-	150	-	-	-	-	-	-
Six years later	2	1	826	-	-	-	-	-	-	-
Seven years later	2	1	-	-	-	-	-	-	-	-
Eight years later	2	-	-	-	-	-	-	-	-	-
Nine years later	-	-	-	-	-	-	-	-	-	-
7 Increase (decrease) in estimated net incurred claims and expenses from end of policy year.	-	-	-	-	-	(2,179)	3,943	(2,216)	202	-

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

SUMMARY – ALL PROGRAM YEARS

	(A) Deposits Collected \$500,000 Pool	(B) Interest Income	(C) Funds Transferred	(D) Total Accumulated Funds	Admin Fees	(E) Excess Insurance	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Modesto	\$ 591,353	\$ 308,428	\$ (84,555)	\$ 815,226	\$ -	\$ -	\$ 708,296	\$ 106,930	\$ -	\$ 106,930	\$ -
Ontario	520,458	281,244	270,852	1,072,554	-	-	857,446	215,108	-	215,108	-
Santa Barbara	570,825	352,773	(110,925)	812,673	-	-	726,181	86,492	-	86,492	-
Visalia	231,230	121,285	(27,658)	324,857	-	-	233,387	91,470	-	91,470	-
	<u>\$ 1,913,866</u>	<u>\$ 1,063,730</u>	<u>\$ 47,714</u>	<u>\$ 3,025,310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,525,310</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ -</u>

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(C) Transferred Funds	(D) Total Accumulated Funds	Admin Fees	(E) Excess Insurance	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 19,021,554	\$ 4,986,489	\$ -	\$ 24,008,043	\$ -	\$ 3,398,493	\$ 9,916,508	\$ 5,642,659	\$ 2,427,476	\$ 8,070,135	\$ 2,622,907
Bakersfield	8,710,304	2,308,788	-	11,019,092	56,500	1,629,692	5,435,094	2,146,498	1,088,221	3,234,719	663,087
Burbank	7,108,020	2,037,948	-	9,145,968	-	671,481	5,345,568	1,455,449	1,287,456	2,742,905	386,014
Gardena	897,918	390,719	-	1,288,637	-	-	1,193,959	92,936	-	92,936	1,742
Modesto	8,240,230	2,265,983	84,555	10,590,768	30,000	1,536,338	4,782,056	2,449,472	1,035,576	3,485,048	757,326
Monterey	2,931,924	859,681	-	3,791,605	-	737,439	1,249,570	641,070	426,417	1,067,487	737,109
Mountain View	3,870,403	921,861	-	4,792,264	26,500	1,131,242	43,581	1,273,571	665,720	1,939,291	1,651,650
Ontario	7,983,659	2,778,886	(270,852)	10,491,693	30,000	1,668,074	1,890,150	2,943,537	1,025,733	3,969,270	2,934,199
Palo Alto	9,566,955	2,471,684	-	12,038,639	-	1,763,032	5,820,257	1,757,697	1,262,548	3,020,245	1,435,105
Santa Barbara	7,909,308	2,306,665	110,925	10,326,898	30,000	1,408,925	5,781,526	980,999	1,062,586	2,043,585	1,062,862
Santa Cruz	2,554,694	363,327	-	2,918,021	56,500	957,305	-	438,264	557,856	996,120	908,096
Santa Monica	14,120,870	3,980,033	-	18,100,903	-	2,440,141	6,504,788	4,715,150	1,765,982	6,481,132	2,674,842
Visalia	3,135,646	950,041	27,659	4,113,346	-	663,534	1,152,657	792,327	394,429	1,186,756	1,110,399
	<u>\$ 96,051,485</u>	<u>\$ 26,622,105</u>	<u>\$ (47,713)</u>	<u>\$ 122,625,877</u>	<u>\$ 229,500</u>	<u>\$ 18,005,696</u>	<u>\$ 49,115,714</u>	<u>\$ 25,329,629</u>	<u>\$ 13,000,000</u>	<u>\$ 38,329,629</u>	<u>\$ 16,945,338</u>

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 1 – APRIL 1, 1986 TO JUNE 30, 1987

	(A) Deposits Collected \$500,000 Pool	(B) Interest Income	(C) Funds Transferred	(D) Total Accumulated Funds	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Modesto	\$ 146,974	\$ 77,551	\$ -	\$ 224,525	\$ 224,525	\$ -	\$ -	\$ -	\$ -
Ontario	99,438	47,160	(106,862)	39,736	39,736	-	-	-	-
Santa Barbara	135,273	75,423	-	210,696	210,696	-	-	-	-
Visalia	56,062	30,495	-	86,557	86,557	-	-	-	-
	<u>\$ 437,747</u>	<u>\$ 230,629</u>	<u>\$ (106,862)</u>	<u>\$ 561,514</u>	<u>\$ 561,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(C) Funds Transferred	(D) Total Accumulated Funds	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 673,500	\$ 323,040	\$ -	\$ 996,540	\$ 996,540	\$ -	\$ -	\$ -	\$ -
Bakersfield	368,260	192,866	-	561,126	561,126	-	-	-	-
Gardena	93,331	47,462	-	140,793	140,793	-	-	-	-
Modesto	367,387	193,879	-	561,266	561,266	-	-	-	-
Ontario	248,596	117,901	(267,155)	99,342	99,342	-	-	-	-
Palo Alto	415,122	210,756	-	625,878	625,878	-	-	-	-
Santa Barbara	339,128	188,951	-	528,079	528,079	-	-	-	-
Santa Monica	664,644	375,609	-	1,040,253	1,040,253	-	-	-	-
Visalia	146,766	78,818	-	225,584	225,584	-	-	-	-
	<u>\$ 3,316,734</u>	<u>\$ 1,729,282</u>	<u>\$ (267,155)</u>	<u>\$ 4,778,861</u>	<u>\$ 4,778,861</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Authority for California Cities Excess Liability has determined that the fifteen month period ending June 30, 1987 will be treated as the first program year for purposes of determining retroactive rating adjustments. Accordingly, the schedule above includes all premium assessments collected and earnings for the period April 1, 1986 to June 30, 1987.

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 2 – JULY 1, 1987 TO JUNE 30, 1988

	(A) Deposits Collected \$500,000 Pool	(B) Interest Income	(C) Funds Transferred	(D) Total Accumulated Funds	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Modesto	\$ 129,499	\$ 74,211	\$ 400	\$ 204,110	\$ 97,180	\$ 106,930	\$ -	\$ 106,930	\$ -
Ontario	122,192	71,800	517,366	711,358	496,250	215,108	-	215,108	-
Santa Barbara	131,012	73,244	180	204,436	117,944	86,492	-	86,492	-
Visalia	52,885	26,877	24,715	104,477	13,007	91,470	-	91,470	-
	<u>\$ 435,588</u>	<u>\$ 246,132</u>	<u>\$ 542,661</u>	<u>\$ 1,224,381</u>	<u>\$ 724,381</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ -</u>

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(C) Funds Transferred	(D) Total Accumulated Funds	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 964,363	\$ 459,817	\$ 15,765	\$ 1,439,945	\$ 1,290,414	\$ 150,415	\$ -	\$ 150,415	\$ (884)
Bakersfield	396,592	206,916	8,655	612,163	503,142	109,406	-	109,406	(385)
Burbank(1)	513,647	271,913	(29,243)	756,317	730,337	24,272	-	24,272	1,708
Gardena	137,521	76,166	(2,054)	211,633	151,532	59,920	-	59,920	181
Modesto	323,624	153,910	1,593	479,127	441,383	37,821	-	37,821	(77)
Ontario	305,480	141,670	(156,671)	290,479	185,042	105,711	-	105,711	(274)
Palo Alto	420,915	219,761	654	641,330	614,684	26,663	-	26,663	(17)
Santa Barbara	327,530	180,156	1,175	508,861	475,433	33,474	-	33,474	(46)
Santa Monica	578,656	294,968	6,879	880,503	749,931	130,852	-	130,852	(280)
Visalia	132,213	68,900	(8,673)	192,440	146,358	46,008	-	46,008	74
	<u>\$ 4,100,541</u>	<u>\$ 2,074,177</u>	<u>\$ (161,920)</u>	<u>\$ 6,012,798</u>	<u>\$ 5,288,256</u>	<u>\$ 724,542</u>	<u>\$ -</u>	<u>\$ 724,542</u>	<u>\$ -</u>

(1) The Authority for California Excess Liability approved Burbank for entry into the program year 2 pool effective for the fourteen month period from May 1, 1987 to June 30, 1988.

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 3 – JULY 1, 1988 TO JUNE 30, 1989

	(A) Deposits Collected \$500,000 Pool	(B) Interest Income	(C) Funds Transferred	(D) Total Accumulated Funds	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Modesto	\$ 148,617	\$ 71,352	\$ (30,704)	\$ 189,265	\$ 189,265	\$ -	\$ -	\$ -	\$ -
Ontario	141,993	84,076	(106,785)	119,284	119,284	-	-	-	-
Santa Barbara	149,408	91,606	(14,422)	226,592	226,592	-	-	-	-
Visalia	60,091	33,088	(43,183)	49,996	49,996	-	-	-	-
	<u>\$ 500,109</u>	<u>\$ 280,122</u>	<u>\$ (195,094)</u>	<u>\$ 585,137</u>	<u>\$ 585,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(C) Funds Transferred	(D) Total Accumulated Funds	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 1,031,600	\$ 471,522	\$ -	\$ 1,503,122	\$ 1,503,122	\$ -	\$ -	\$ -	\$ -
Bakersfield	420,968	197,290	-	618,258	618,258	-	-	-	-
Burbank	475,136	224,892	-	700,028	700,028	-	-	-	-
Gardena	163,763	74,392	(1)	238,154	238,154	-	-	-	-
Modesto	371,544	165,416	-	536,960	536,960	-	-	-	-
Ontario	354,982	258,717	(2)	613,697	613,697	-	-	-	-
Palo Alto	447,158	206,047	-	653,205	653,205	-	-	-	-
Santa Barbara	373,519	190,813	-	564,332	564,332	-	-	-	-
Santa Monica	607,612	275,371	-	882,983	882,983	-	-	-	-
Visalia	150,228	66,546	30	216,804	216,804	-	-	-	-
	<u>\$ 4,396,510</u>	<u>\$ 2,131,006</u>	<u>\$ 27</u>	<u>\$ 6,527,543</u>	<u>\$ 6,527,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 4 – JULY 1, 1989 TO JUNE 30, 1990

	(A) Deposits Collected \$500,000 Pool	(B) Interest Income	(C) Funds Transferred	(D) Total Accumulated Funds	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Modesto	\$ 166,263	\$ 85,314	\$ (54,251)	\$ 197,326	\$ 197,326	\$ -	\$ -	\$ -	\$ -
Ontario	156,835	78,208	(32,867)	202,176	202,176	-	-	-	-
Santa Barbara	155,133	112,500	(96,684)	170,949	170,949	-	-	-	-
Visalia	62,192	30,825	(9,190)	83,827	83,827	-	-	-	-
	<u>\$ 540,423</u>	<u>\$ 306,847</u>	<u>\$ (192,992)</u>	<u>\$ 654,278</u>	<u>\$ 654,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(C) Funds Transferred	(D) Total Accumulated Funds	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 968,392	\$ 426,521	\$ -	\$ 1,394,913	\$ 1,394,913	\$ -	\$ -	\$ -	\$ -
Bakersfield	466,398	246,889	-	713,287	713,287	-	-	-	-
Burbank	564,037	227,997	-	792,034	792,034	-	-	-	-
Gardena	170,127	69,142	-	239,269	239,269	-	-	-	-
Modesto	427,740	199,577	-	627,317	627,317	-	-	-	-
Monterey	172,424	109,928	-	282,352	282,352	-	-	-	-
Ontario	405,259	291,966	(221,680)	475,545	475,545	-	-	-	-
Palo Alto	481,713	195,799	-	677,512	677,512	-	-	-	-
Santa Barbara	387,832	193,407	-	581,239	581,239	-	-	-	-
Santa Monica	666,476	381,751	-	1,048,227	1,048,227	-	-	-	-
Visalia	157,774	68,606	-	226,380	226,380	-	-	-	-
	<u>\$ 4,868,172</u>	<u>\$ 2,411,583</u>	<u>\$ (221,680)</u>	<u>\$ 7,058,075</u>	<u>\$ 7,058,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 5 – JULY 1, 1990 TO JUNE 30, 1991

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(C) Funds Transferred	(D) Total Accumulated Funds	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 1,088,295	\$ 397,004	\$ (9)	\$ 1,485,290	\$ 1,485,290	\$ -	\$ -	\$ -	\$ -
Bakersfield	497,967	185,213	-	683,180	683,180	-	-	-	-
Burbank	595,898	225,987	-	821,885	821,885	-	-	-	-
Gardena	182,935	70,554	(23)	253,466	253,466	-	-	-	-
Modesto	491,583	264,860	-	756,443	756,443	-	-	-	-
Monterey	182,788	107,988	(3)	290,773	290,773	-	-	-	-
Ontario	464,064	203,220	(4,408)	662,876	662,876	-	-	-	-
Palo Alto	512,308	190,650	-	702,958	702,958	-	-	-	-
Santa Barbara	429,697	213,097	(12)	642,782	642,782	-	-	-	-
Santa Monica	744,971	342,330	-	1,087,301	1,087,301	-	-	-	-
Visalia	180,027	66,702	(17)	246,712	246,712	-	-	-	-
	<u>\$ 5,370,533</u>	<u>\$ 2,267,605</u>	<u>\$ (4,472)</u>	<u>\$ 7,633,666</u>	<u>\$ 7,633,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 6 – JULY 1, 1991 TO JUNE 30, 1992

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(C) Funds Transferred	(D) Total Accumulated Funds	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 845,011	\$ 269,338	\$ (15,126)	\$ 1,099,223	\$ 461,331	\$ 656,313	\$ -	\$ 656,313	\$ (18,421)
Bakersfield	392,364	131,624	(6,589)	517,399	335,581	191,591	-	191,591	(9,773)
Burbank	467,142	133,105	29,243	629,490	422,785	176,834	-	176,834	29,871
Gardena	150,240	52,995	2,078	205,313	170,745	33,016	-	33,016	1,552
Modesto	386,004	153,683	(792)	538,895	416,493	121,308	-	121,308	1,094
Monterey	145,258	69,191	-	214,449	150,152	64,281	-	64,281	16
Ontario	375,765	167,560	22,645	565,970	200,417	360,172	-	360,172	5,381
Palo Alto	409,606	127,907	1,014	538,527	405,235	133,063	-	133,063	229
Santa Barbara	358,552	141,211	(787)	498,976	443,664	55,276	-	55,276	36
Santa Monica	620,491	245,246	(4,792)	860,945	271,321	621,296	-	621,296	(31,672)
Visalia	155,190	68,340	9,044	232,574	65,290	88,042	-	88,042	79,242
	<u>\$ 4,305,623</u>	<u>\$ 1,560,200</u>	<u>\$ 35,938</u>	<u>\$ 5,901,761</u>	<u>\$ 3,343,014</u>	<u>\$ 2,501,192</u>	<u>\$ -</u>	<u>\$ 2,501,192</u>	<u>\$ 57,555</u>

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 7 – JULY 1, 1992 TO JUNE 30, 1993

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(C) Funds Transferred	(D) Total Accumulated Funds	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 872,835	\$ 283,881	\$ 147,374	\$ 1,304,090	\$ (1,328,733)	\$ 2,632,714	\$ -	\$ 2,632,714	\$ 109
Bakersfield	393,468	154,913	94,569	642,950	(267,259)	928,454	-	928,454	(18,245)
Burbank	468,514	165,521	-	634,035	(25,034)	672,752	-	672,752	(13,683)
Modesto	403,812	80,532	47,344	531,688	(608,122)	1,143,121	-	1,143,121	(3,311)
Monterey	154,252	54,646	2,395	211,293	13,181	198,107	-	198,107	5
Mountain View(1)	291,684	106,324	-	398,008	(439,010)	752,334	-	752,334	84,684
Ontario	398,123	173,084	-	571,207	(721,189)	1,291,077	-	1,291,077	1,319
Palo Alto	438,745	148,150	17,060	603,955	69,088	537,350	-	537,350	(2,483)
Santa Barbara	367,723	146,884	338	514,945	289,509	225,500	-	225,500	(64)
Santa Monica	631,676	130,910	6,539	769,125	(988,754)	1,896,855	-	1,896,855	(138,976)
Visalia	162,692	106,588	212,866	482,146	49,561	260,296	-	260,296	172,289
	<u>\$ 4,583,524</u>	<u>\$ 1,551,433</u>	<u>\$ 528,485</u>	<u>\$ 6,663,442</u>	<u>\$ (3,956,762)</u>	<u>\$ 10,538,560</u>	<u>\$ -</u>	<u>\$ 10,538,560</u>	<u>\$ 81,644</u>

(1) The Authority for California Cities Excess Liability approved Mountain View for entry into the program year 7 pool effective for the fourteen month plus period from April 25, 1992 to June 30, 1993.

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 8 – JULY 1, 1993 TO JUNE 30, 1994

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(C) Funds Transferred	(D) Total Accumulated Funds	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 589,097	\$ 220,368	\$ 38,373	\$ 847,838	\$ 629,173	\$ 219,467	\$ -	\$ 219,467	\$ (802)
Bakersfield	267,235	95,514	(81,272)	281,477	222,027	60,437	-	60,437	(987)
Burbank	329,067	126,040	2,000	457,107	427,265	29,297	-	29,297	545
Modesto	262,942	119,688	20,845	403,475	282,303	120,611	-	120,611	561
Monterey	105,710	67,783	3,335	176,828	157,777	19,122	-	19,122	(71)
Mountain View	159,350	103,759	-	263,109	112,373	58,069	-	58,069	92,667
Ontario	279,850	191,325	-	471,175	324,420	115,874	-	115,874	30,881
Palo Alto	309,159	116,940	8,594	434,693	386,432	47,893	-	47,893	368
Santa Barbara	256,508	137,219	4,100	397,827	377,639	20,263	-	20,263	(75)
Santa Monica	425,961	224,236	25,568	675,765	528,328	161,223	-	161,223	(13,786)
Visalia	103,616	33,501	(135,128)	1,989	(24,032)	24,912	-	24,912	1,109
	<u>\$ 3,088,495</u>	<u>\$ 1,436,373</u>	<u>\$ (113,585)</u>	<u>\$ 4,411,283</u>	<u>\$ 3,423,705</u>	<u>\$ 877,168</u>	<u>\$ -</u>	<u>\$ 877,168</u>	<u>\$ 110,410</u>

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 9 – JULY 1, 1994 TO JUNE 30, 1995

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(C) Funds Transferred	(D) Total Accumulated Funds	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 620,799	\$ 265,694	\$ 360,073	\$ 1,246,566	\$ 890,857	\$ 363,252	\$ -	\$ 363,252	\$ (7,543)
Bakersfield	297,034	158,521	88,656	544,211	463,296	80,883	-	80,883	32
Burbank	345,334	147,090	50	492,474	438,954	46,198	-	46,198	7,322
Modesto	270,852	153,814	245,305	669,971	424,983	221,492	-	221,492	23,496
Monterey	112,393	71,344	(2,459)	181,278	166,593	34,685	-	34,685	(20,000)
Mountain View	167,639	106,781	-	274,420	120,218	51,523	-	51,523	102,679
Ontario	282,551	238,755	-	521,306	-	189,398	-	189,398	331,908
Palo Alto	331,028	140,518	100,008	571,554	471,469	90,669	-	90,669	9,416
Santa Barbara	269,455	147,581	35,153	452,189	419,519	32,670	-	32,670	-
Santa Monica	467,441	194,103	217,314	878,858	671,206	274,742	-	274,742	(67,090)
Visalia	110,607	44,698	(96,915)	58,390	-	53,682	-	53,682	4,708
	<u>\$ 3,275,133</u>	<u>\$ 1,668,899</u>	<u>\$ 947,185</u>	<u>\$ 5,891,217</u>	<u>\$ 4,067,095</u>	<u>\$ 1,439,194</u>	<u>\$ -</u>	<u>\$ 1,439,194</u>	<u>\$ 384,928</u>

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 10 – JULY 1, 1995 TO JUNE 30, 1996

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(C) Funds Transferred	(D) Total Accumulated Funds	(E) Excess Insurance	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 632,535	\$ 207,519	\$ 481	\$ 840,535	\$ 81,636	\$ 614,197	\$ 181,242	\$ -	\$ 181,242	\$ (36,540)
Bakersfield	304,490	116,284	266	421,040	38,030	325,334	57,647	-	57,647	29
Burbank	355,287	119,057	-	474,344	49,507	365,806	45,698	-	45,698	13,333
Modesto	291,830	108,558	151	400,539	35,613	232,829	131,348	-	131,348	749
Monterey	115,970	59,247	-	175,217	14,344	128,742	25,814	-	25,814	6,317
Mountain View	177,713	115,925	-	293,638	26,445	-	30,101	-	30,101	237,092
Ontario	285,931	155,515	-	441,446	43,604	-	117,484	-	117,484	280,358
Palo Alto	313,896	109,877	8,723	432,496	45,948	279,179	96,140	-	96,140	11,229
Santa Barbara	270,942	101,684	-	372,626	37,572	316,811	18,243	-	18,243	-
Santa Monica	471,073	169,972	(24,661)	616,384	61,534	413,992	176,499	-	176,499	(35,641)
Visalia	109,072	65,580	-	174,652	14,000	-	31,925	-	31,925	128,727
	<u>\$ 3,328,739</u>	<u>\$ 1,329,218</u>	<u>\$ (15,040)</u>	<u>\$ 4,642,917</u>	<u>\$ 448,233</u>	<u>\$ 2,676,890</u>	<u>\$ 912,141</u>	<u>\$ -</u>	<u>\$ 912,141</u>	<u>\$ 605,653</u>

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 11 – JULY 1, 1996 TO JUNE 30, 1997

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(C) Funds Transferred	(D) Total Accumulated Funds	(E) Excess Insurance	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 647,081	\$ 263,856	\$ (49,550)	\$ 861,387	\$ 69,525	\$ 783,816	\$ 9,927	\$ -	\$ 9,927	\$ (1,881)
Bakersfield	323,143	120,593	55	443,791	30,532	409,305	3,950	-	3,950	4
Burbank	343,002	130,428	-	473,430	42,162	425,949	3,840	-	3,840	1,479
Modesto	291,262	121,545	(142)	412,665	30,329	375,201	5,486	-	5,486	1,649
Monterey	122,748	83,877	-	206,625	12,914	10,000	1,982	-	1,982	181,729
Mountain View	186,176	127,477	-	313,653	19,994	-	1,330	-	1,330	292,329
Ontario	313,307	214,363	-	527,670	37,127	-	7,500	-	7,500	483,043
Palo Alto	331,582	124,006	43	455,631	37,401	411,788	5,641	-	5,641	801
Santa Barbara	286,768	110,498	-	397,266	31,574	363,278	2,414	-	2,414	-
Santa Cruz(1)	89,949	56,033	-	145,982	9,506	-	5,131	-	5,131	131,345
Santa Monica	497,910	222,975	(214,760)	506,125	51,654	400,000	15,407	-	15,407	39,064
Visalia	113,875	78,274	-	192,149	12,190	-	1,936	-	1,936	178,023
	<u>\$ 3,546,803</u>	<u>\$ 1,653,925</u>	<u>\$ (264,354)</u>	<u>\$ 4,936,374</u>	<u>\$ 384,908</u>	<u>\$ 3,179,337</u>	<u>\$ 64,544</u>	<u>\$ -</u>	<u>\$ 64,544</u>	<u>\$ 1,307,585</u>

(1) The Authority for California Cities Excess Liability approved Santa Cruz for entry into the program year 11 January 1, 1997.

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 12 – JULY 1, 1997 TO JUNE 30, 1998

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(C) Funds Transferred	(D) Total Accumulated Funds	(E) Excess Insurance	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 645,599	\$ 230,908	\$ (346,028)	\$ 530,479	\$ 130,119	\$ 170,332	\$ 225,431	\$ -	\$ 225,431	\$ 4,597
Bakersfield	341,891	102,550	203,586	648,027	58,263	431,842	157,719	-	157,719	203
Burbank	362,837	114,576	9,000	486,413	80,456	245,559	116,674	-	116,674	43,724
Modesto	325,478	133,436	-	458,914	57,771	245,000	155,010	-	155,010	1,133
Monterey	128,484	58,430	-	186,914	25,472	-	67,504	-	67,504	93,938
Mountain View	196,524	100,029	-	296,553	40,674	-	35,835	-	35,835	220,044
Ontario	317,860	125,881	-	443,741	68,122	-	257,308	-	257,308	118,311
Palo Alto	369,439	111,202	194,185	674,826	71,370	410,832	197,720	-	197,720	(5,096)
Santa Barbara	306,900	93,451	78,225	478,576	56,867	351,289	70,421	-	70,421	(1)
Santa Cruz	178,820	74,628	-	253,448	36,279	-	118,966	-	118,966	98,203
Santa Monica	514,524	159,339	152,000	825,863	99,517	200,000	596,287	-	596,287	(69,941)
Visalia	115,088	45,690	-	160,778	24,044	-	84,588	-	84,588	52,146
	<u>\$ 3,803,444</u>	<u>\$ 1,350,120</u>	<u>\$ 290,968</u>	<u>\$ 5,444,532</u>	<u>\$ 748,954</u>	<u>\$ 2,054,854</u>	<u>\$ 2,083,463</u>	<u>\$ -</u>	<u>\$ 2,083,463</u>	<u>\$ 557,261</u>

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 13 – JULY 1, 1998 TO JUNE 30, 1999

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(C) Funds Transferred	(D) Total Accumulated Funds	(E) Excess Insurance	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 666,345	\$ 190,518	\$ -	\$ 856,863	\$ 240,854	\$ 599,603	\$ 214	\$ -	\$ 214	\$ 16,192
Bakersfield	357,987	76,285	(221,277)	212,995	118,083	94,683	265	-	265	(36)
Modesto	326,839	59,279	(176,040)	210,078	155,508	50,000	205	-	205	4,365
Monterey	134,468	24,730	-	159,198	78,460	50,000	72	-	72	30,666
Mountain View	223,175	41,204	-	264,379	116,201	125,000	84	-	84	23,094
Ontario	321,441	87,411	-	408,852	174,962	-	321	-	321	233,569
Palo Alto	394,012	82,993	(232,633)	244,372	132,108	111,997	178	-	178	89
Santa Barbara	320,210	79,757	3,808	403,775	103,744	227,952	123	-	123	71,956
Santa Cruz	180,363	44,874	-	225,237	105,477	-	102	-	102	119,658
Santa Monica	543,831	171,367	-	715,198	184,209	200,000	695	-	695	330,294
Visalia	118,955	26,664	-	145,619	74,020	-	78	-	78	71,521
	<u>\$ 3,587,626</u>	<u>\$ 885,082</u>	<u>\$ (626,142)</u>	<u>\$ 3,846,566</u>	<u>\$ 1,483,626</u>	<u>\$ 1,459,235</u>	<u>\$ 2,337</u>	<u>\$ -</u>	<u>\$ 2,337</u>	<u>\$ 901,368</u>

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 14 – JULY 1, 1999 TO JUNE 30, 2000

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(C) Funds Transferred	(D) Total Accumulated Funds	(E) Excess Insurance	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 735,019	\$ 199,820	\$ -	\$ 934,839	\$ 229,863	\$ 425,653	\$ 44	\$ -	\$ 44	\$ 279,279
Bakersfield	367,080	63,142	(39,483)	390,739	169,795	217,267	75	-	75	3,602
Modesto	338,985	72,034	-	411,019	150,984	250,000	59	-	59	9,976
Monterey	143,302	31,842	-	175,144	76,497	-	20	-	20	98,627
Mountain View	222,556	35,207	-	257,763	112,853	125,000	27	-	27	19,883
Ontario	330,483	81,022	-	411,505	170,100	-	88	-	88	241,317
Palo Alto	396,553	99,667	(41,692)	454,528	175,579	-	32	-	32	278,917
Santa Barbara	351,627	62,569	10,925	425,121	138,510	200,000	47	-	47	86,564
Santa Cruz	200,738	47,915	-	248,653	102,589	-	26	-	26	146,038
Santa Monica	561,088	185,203	-	746,291	175,803	-	219	-	219	570,269
Visalia	129,346	27,569	-	156,915	72,438	-	20	-	20	84,457
	<u>\$ 3,776,777</u>	<u>\$ 905,990</u>	<u>\$ (70,250)</u>	<u>\$ 4,612,517</u>	<u>\$ 1,575,011</u>	<u>\$ 1,217,920</u>	<u>\$ 657</u>	<u>\$ -</u>	<u>\$ 657</u>	<u>\$ 1,818,929</u>

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 15 – JULY 1, 2000 TO JUNE 30, 2001

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(C) Funds Transferred	(D) Total Accumulated Funds	(E) Excess Insurance	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 760,049	\$ 180,350	\$ (15,200)	\$ 925,199	\$ 259,995	\$ 5,659	\$ -	\$ -	\$ -	\$ 659,545
Bakersfield	370,553	47,343	(45,100)	372,796	183,732	-	-	-	-	189,064
Modesto	358,174	50,857	(8,000)	401,031	164,712	140,000	-	-	-	96,319
Monterey	155,115	24,257	(1,500)	177,872	80,202	-	-	-	-	97,670
Mountain View	237,173	37,861	-	275,034	127,600	-	-	-	-	147,434
Ontario	347,711	73,662	132,012	553,385	181,562	-	-	-	-	371,823
Palo Alto	420,745	68,938	(55,600)	434,083	188,661	-	-	-	-	245,422
Santa Barbara	359,021	67,732	(22,000)	404,753	148,740	-	-	-	-	256,013
Santa Cruz	209,182	31,122	(5,000)	235,304	116,045	-	-	-	-	119,259
Santa Monica	631,065	97,760	(162,000)	566,825	198,848	-	-	-	-	367,977
Visalia	135,242	26,827	46,600	208,669	75,813	-	-	-	-	132,856
	<u>\$ 3,984,030</u>	<u>\$ 706,709</u>	<u>\$ (135,788)</u>	<u>\$ 4,554,951</u>	<u>\$ 1,725,910</u>	<u>\$ 145,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,683,382</u>

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 16 – JULY 1, 2001 TO JUNE 30, 2002

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(D) Total Accumulated Funds	(E) Excess Insurance	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 816,566	\$ 146,709	\$ 963,275	\$ 259,995	\$ 118,366	\$ -	\$ -	\$ -	\$ 584,914
Bakersfield	387,763	33,630	421,393	183,732	-	-	-	-	237,661
Modesto	388,314	50,737	439,051	164,712	50,000	-	-	-	224,339
Monterey	170,400	21,713	192,113	80,202	-	-	-	-	111,911
Mountain View	260,878	31,336	292,214	127,600	-	-	-	-	164,614
Ontario	372,868	44,532	417,400	181,562	-	-	-	-	235,838
Palo Alto	477,725	70,616	548,341	188,661	-	-	-	-	359,680
Santa Barbara	375,482	58,477	433,959	148,740	-	-	-	-	285,219
Santa Cruz	227,628	25,475	253,103	116,045	-	-	-	-	137,058
Santa Monica	673,594	127,197	800,791	198,848	-	-	-	-	601,943
Visalia	140,652	12,586	153,238	75,813	-	-	-	-	77,425
	<u>\$ 4,291,870</u>	<u>\$ 623,008</u>	<u>\$ 4,914,878</u>	<u>\$ 1,725,910</u>	<u>\$ 168,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,020,602</u>

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 17 – JULY 1, 2002 TO JUNE 30, 2003

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(C) Transferred Funds	(D) Total Accumulated Funds	(E) Admin Fees	(E) Excess Insurance	(F) Retro-Refunds Paid to Date	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 857,379	\$ 85,341	\$ (135,514)	\$ 807,206	\$ -	\$ 259,995	\$ -	\$ -	\$ -	\$ -	\$ 547,211
Bakersfield	407,372	25,593	-	432,965	26,500	183,732	-	-	-	-	222,733
Modesto	415,393	28,527	(45,437)	398,483	-	164,712	-	-	-	-	233,771
Monterey	175,033	12,665	(1,768)	185,930	-	80,202	-	-	-	-	105,728
Mountain View	282,114	14,542	-	296,656	26,500	127,600	-	-	-	-	142,556
Ontario	377,714	61,729	226,128	665,571	-	181,562	50,000	-	-	-	434,009
Palo Alto	495,255	49,517	-	544,772	-	188,661	-	-	-	-	356,111
Santa Barbara	390,224	42,182	-	432,406	-	148,740	-	-	-	-	283,666
Santa Cruz	226,181	6,724	-	232,905	26,500	116,045	-	-	-	-	90,360
Santa Monica	694,959	95,143	-	790,102	-	198,848	-	-	-	-	591,254
Visalia	158,551	10,169	44	168,764	-	75,813	-	-	-	-	92,951
	<u>\$ 4,480,175</u>	<u>\$ 432,132</u>	<u>\$ 43,453</u>	<u>\$ 4,955,760</u>	<u>\$ 79,500</u>	<u>\$ 1,725,910</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,100,350</u>

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 18 – JULY 1, 2003 TO JUNE 30, 2004

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(C) Transferred Funds	(D) Total Accumulated Funds	(E) Admin Fees	(E) Excess Insurance	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 920,139	\$ 66,880	\$ (639)	\$ 986,380	\$ -	\$ 502,725	\$ 622,519	\$ 36,911	\$ 659,430	\$ (175,775)
Bakersfield	419,465	22,230	(2,066)	439,629	30,000	237,054	293,413	17,397	310,810	(138,235)
Modesto	406,456	24,240	(272)	430,424	30,000	216,890	268,581	15,927	284,508	(100,974)
Monterey	174,124	11,438	-	185,562	-	98,990	122,507	7,264	129,771	(43,199)
Mountain View	261,682	18,488	-	280,170	-	146,561	181,582	10,761	192,343	(58,734)
Ontario	387,646	22,481	(1,721)	408,406	30,000	206,727	255,995	15,173	271,168	(99,489)
Palo Alto	532,743	46,949	(356)	579,336	-	245,642	303,999	18,025	322,024	11,670
Santa Barbara	398,935	21,786	-	420,721	30,000	222,571	275,657	16,339	291,996	(123,846)
Santa Cruz	220,689	6,195	5,000	231,884	30,000	141,795	175,444	10,402	185,846	(125,757)
Santa Monica	666,276	52,464	(2,087)	716,653	-	342,519	424,088	25,145	449,233	(75,099)
Visalia	147,057	10,502	(192)	157,367	-	81,709	101,031	6,008	107,039	(31,381)
	<u>\$ 4,535,212</u>	<u>\$ 303,653</u>	<u>\$ (2,333)</u>	<u>\$ 4,836,532</u>	<u>\$ 150,000</u>	<u>\$ 2,443,183</u>	<u>\$ 3,024,816</u>	<u>\$ 179,352</u>	<u>\$ 3,204,168</u>	<u>\$ (960,819)</u>

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 19 – JULY 1, 2004 TO JUNE 30, 2005

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(C) Transfer Funds	(D) Total Accumulated Funds	(E) Excess Insurance	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 1,171,003	\$ 11,841	\$ -	\$ 1,182,844	\$ 758,098	\$ 431,058	\$ 152,105	\$ 583,163	\$ (158,417)
Bakersfield	423,154	10,564	-	433,718	208,665	194,237	68,555	262,792	(37,739)
Burbank(1)	525,622	8,042	(11,050)	522,614	273,763	254,937	89,978	344,915	(96,064)
Modesto	412,948	13,710	-	426,658	190,869	177,662	62,704	240,366	(4,577)
Monterey	191,611	4,066	-	195,677	105,879	79,376	28,097	107,473	(17,675)
Mountain View	282,154	5,941	-	288,095	152,842	120,791	42,599	163,390	(28,137)
Ontario	438,187	11,546	-	449,733	229,490	177,989	62,787	240,776	(20,533)
Palo Alto	546,810	15,502	-	562,312	271,204	233,319	82,315	315,634	(24,526)
Santa Barbara	403,546	11,140	-	414,686	195,162	181,630	64,105	245,735	(26,211)
Santa Cruz	221,168	5,089	-	226,257	110,376	102,815	36,255	139,070	(23,189)
Santa Monica	858,846	20,237	-	879,083	497,901	305,597	107,858	413,455	(32,273)
Visalia	153,559	2,412	-	155,971	80,713	75,267	26,614	101,881	(26,623)
	<u>\$ 5,628,608</u>	<u>\$ 120,090</u>	<u>\$ (11,050)</u>	<u>\$ 5,737,648</u>	<u>\$ 3,074,962</u>	<u>\$ 2,334,678</u>	<u>\$ 823,972</u>	<u>\$ 3,158,650</u>	<u>\$ (495,964)</u>

(1) The Authority for California Excess Liability approved Burbank for re-entry into the program year 19 pool effective July 1, 2004.

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 20 – JULY 1, 2005 TO JUNE 30, 2006

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(D) Total Accumulated Funds	(E) Excess Insurance	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 1,350,925	\$ 92,759	\$ 1,443,684	\$ 605,688	\$ 150,063	\$ 929,031	\$ 1,079,094	\$ (241,098)
Bakersfield	510,704	36,872	547,576	218,074	68,421	423,589	492,010	(162,508)
Burbank	552,238	45,381	597,619	225,593	84,947	525,905	610,852	(238,826)
Modesto	473,296	36,079	509,375	204,238	66,768	413,357	480,125	(174,988)
Monterey	207,382	14,791	222,173	84,277	27,600	170,868	198,468	(60,572)
Mountain View	295,773	22,741	318,514	132,872	41,895	259,372	301,267	(115,625)
Ontario	470,535	35,129	505,664	193,256	64,620	400,056	464,676	(152,268)
Palo Alto	546,175	45,456	591,631	217,797	85,030	526,417	611,447	(237,613)
Santa Barbara	476,406	35,904	512,310	176,705	65,281	404,149	469,430	(133,825)
Santa Cruz	246,465	19,136	265,601	103,148	35,780	221,515	257,295	(94,842)
Santa Monica	981,147	71,893	1,053,040	430,460	111,390	689,611	801,001	(178,421)
Visalia	183,725	11,461	195,186	76,981	24,542	151,940	176,482	(58,277)
	<u>\$ 6,294,771</u>	<u>\$ 467,602</u>	<u>\$ 6,762,373</u>	<u>\$ 2,669,089</u>	<u>\$ 826,337</u>	<u>\$ 5,115,810</u>	<u>\$ 5,942,147</u>	<u>\$ (1,848,863)</u>

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 21 – JULY 1, 2006 TO JUNE 30, 2007

	(A) Deposits Collected \$1,000,000 Pool	(B) Interest Income	(D) Total Accumulated Funds	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	1,159,833	\$ 128,218	\$ 1,288,051	\$ -	\$ 656,923	\$ 656,923	\$ 631,128
Bakersfield	533,794	54,231	588,025	-	290,316	290,316	297,709
Burbank	648,353	67,306	715,659	-	336,919	336,919	378,740
Modesto	485,233	54,589	539,822	-	272,711	272,711	267,111
Monterey	182,390	21,583	203,973	-	110,465	110,465	93,508
Mountain View	335,257	35,566	370,823	-	177,089	177,089	193,734
Ontario	484,985	54,407	539,392	-	274,782	274,782	264,610
Palo Alto	496,575	59,595	556,170	-	318,968	318,968	237,202
Santa Barbara	460,341	56,519	516,860	-	289,971	289,971	226,889
Santa Cruz	296,524	29,614	326,138	-	145,331	145,331	180,807
Santa Monica	867,123	93,657	960,780	-	473,274	473,274	487,506
Visalia	177,542	19,713	197,255	-	105,287	105,287	91,968
	<u>\$ 6,127,950</u>	<u>\$ 674,998</u>	<u>\$ 6,802,948</u>	<u>\$ -</u>	<u>\$ 3,452,036</u>	<u>\$ 3,452,036</u>	<u>\$ 3,350,912</u>

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

PROGRAM YEAR 22 – JULY 1, 2007 TO JUNE 30, 2008

	(A) Deposits Collected \$ 1,000,000 Pool	(B) Interest Income	(D) Total Accumulated Funds	(G) Allocated Paid Claims	(H) Unpaid Claims Liability	(I) Total Incurred Claims and Expenses	(J) Projected Retrospectively Rated Refund Available
Anaheim	\$ 1,005,189	\$ 64,623	\$ 1,069,812	\$ -	\$ 652,506	\$ 652,506	\$ 417,306
Bakersfield	462,621	29,742	492,363	-	288,364	288,364	203,999
Burbank	561,906	30,539	592,445	-	334,653	334,653	257,792
Modesto	420,535	27,036	447,571	-	270,877	270,877	176,694
Monterey	158,072	10,162	168,234	-	109,722	109,722	58,512
Mountain View	290,555	18,680	309,235	-	175,899	175,899	133,336
Ontario	420,321	27,022	447,343	-	272,935	272,935	174,408
Palo Alto	479,691	30,839	510,530	-	316,824	316,824	193,706
Santa Barbara	398,962	25,649	424,611	-	288,021	288,021	136,590
Santa Cruz	256,987	16,522	273,509	-	144,354	144,354	129,155
Santa Monica	751,506	48,314	799,820	-	470,092	470,092	329,728
Visalia	153,869	9,892	163,761	-	104,579	104,579	59,182
	<u>\$ 5,360,214</u>	<u>\$ 339,020</u>	<u>\$ 5,699,234</u>	<u>\$ -</u>	<u>\$ 3,428,826</u>	<u>\$ 3,428,826</u>	<u>\$ 2,270,408</u>

See Accompanying Note to Schedule of Retrospectively Rated Refund Liability by Member.

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
NOTE TO SCHEDULE OF RETROSPECTIVELY RATED REFUND LIABILITY BY MEMBER  
AS OF JUNE 30, 2008**

**NOTE 1**

The following explanations are provided to assist the reader in understanding the various columns in the Schedule of Retrospectively Rated Refund Liability by Member.

**Column A - Deposits Collected.** Deposits collected based on the member cities audited covered payroll.

**Column B - Interest Income.** Interest earned to date for each city's retained funds.

**Column C - Funds Transferred.** When applicable, any transfers made by a member city between pool years.

**Column D - Total Accumulated Funds.** Subtotal of Columns A, B and C.

**Column E - Excess Insurance.** Expense is deducted from member deposits.

**Column F - Retro-refunds Paid.** When applicable, retro-refunds paid out (cash basis) to the member cities.

**Column G - Allocated Paid Claims.** When applicable, each member cities' allocated portion of paid claims, based on their experience rating when compared to all other member cities.

**Column H - Unpaid Claims Liability.** Each member cities' portion of the unpaid claims liability. The unpaid claims liability consists of both reserves remaining on open, reported claims, and reserves actuarially determined for incurred but not reported claims outstanding. Each member's amount is allocated based on their experience rating when compared to all other member cities.

**Column I - Total Incurred Claims and Expenses.** Subtotal of Columns G and H.

**Column J - Projected Retrospectively Rated Refund Available.** Final total of Column D minus Admin Fees and Columns E, F and I. This column represents the amount, by member city, which is projected to be available for future retrospectively rated refunds. This number will increase or decrease as claims and claims reserves are adjusted and as additional interest is earned. This number will also change as member cities' claim experience rating changes when compared to all other member cities' rating.